




Expert insight into the U.S. retail marketplace

Crack the code of the U.S. fund markets

Radar U.S. is an authoritative source of information that synthesizes asset management market intelligence into digestible outputs and actionable advice for asset managers.

Radar U.S. provides practical insights into the U.S. market; including a detailed analysis of what is – and isn't – selling, as well as which channels and markets are excelling, and why. These insights afford a 360-degree outlook on opportunities for asset growth and sales flows and are designed to help asset managers power their internal reports, monitor developments, and inform their distribution strategy.

Benefits

- A fast track to building and sustaining in-depth market knowledge
- Independent and expert guidance to corroborate internal decisions
- Access to unique and exclusive datasets such as channels, model portfolios, and investor information
- Early identification of developing market threats and opportunities for strategists and tacticians
- Trusted, reliable content and data to help you construct evidence-based business cases

Channel and market coverage

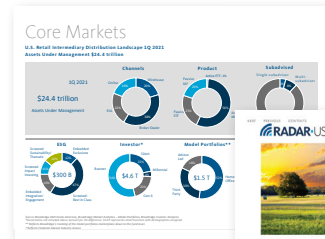
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|--------------------|----------------------|
| • Channel Overview | • Subadvisory |
| • Broker Dealer | • Model Portfolios |
| • Wirehouse | • ESG |
| • RIA | • Financial Advisors |
| • Online | • Investors |

What's included?

- Quarterly thought leadership supported by empirical evidence on key distribution themes within the U.S. asset marketplace
- Executive summary, scorecards, trends overview, and forecasts
- Monthly updates to monitor developments with greater frequency
- Digital access to Radar U.S. and other curated content via Broadridge's Distribution Insight platform


Data coverage

In order to provide a comprehensive view of the U.S. retail marketplace, Radar U.S. is powered by multiple datasets from Broadridge: including GMI Funds Americas, Market Analytics, and Investor Analytics, as well as ongoing proprietary surveys targeting financial advisors and retail end investors.



Core Markets
U.S. Retail Intermediary Distribution Landscape Q4 2021
Assets Under Management \$24.4 trillion

Quarterly publication



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INSIGHTS

- U.S. retail intermediary sales were dominated by mutual funds, but ETFs steadily gained ground as advisors increased their usage of funds, which are more heavily used by ETFs.
- Mutual fund sales are increasingly still dominated by the U.S. marketplace, with active participation from 60% of financial advisors, while asset managers and ETFs distributed the most assets, followed by states of investors.
- State of investors are moving to the right, with more investors moving to the right, with more investors moving to the right, with more investors moving to the right.
- The top 100 financial advisors in the U.S. have increased their assets under management by 10% in Q4 2021, a 10% increase from a year ago.
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- Online distribution still comprises a small portion of the overall distribution landscape, but it is growing rapidly.

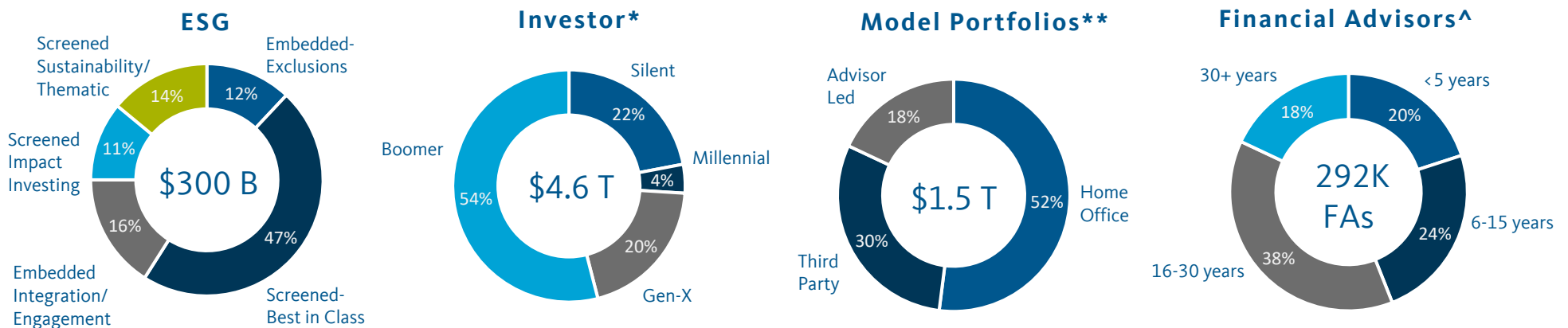
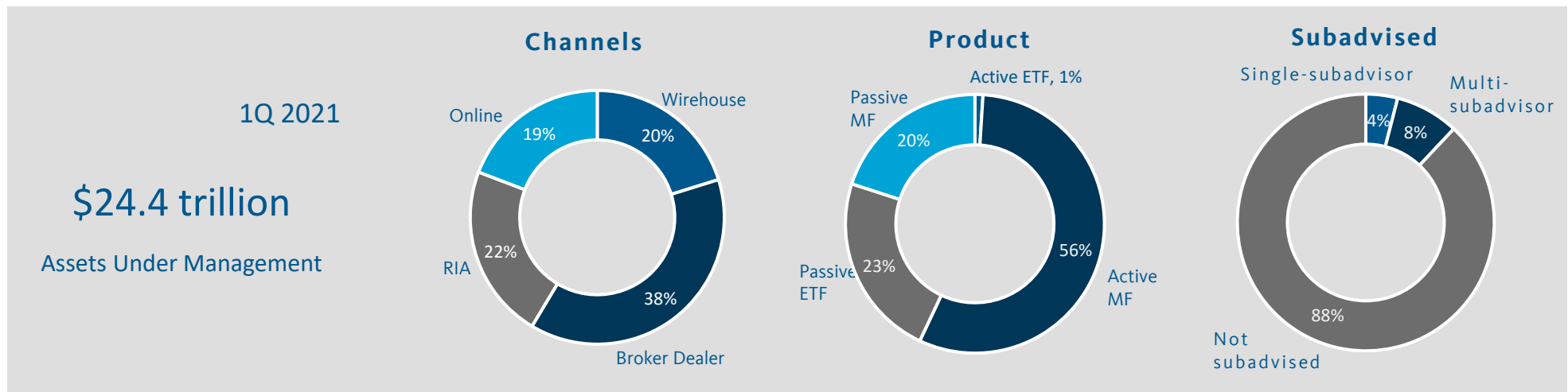
How to order

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Core Markets

U.S. Retail Intermediary Distribution Landscape 1Q 2021

Assets Under Management \$24.4 trillion



Source: Broadridge GMI Funds Americas, Broadridge Market Analytics – Model Portfolios, Broadridge Investor Analytics

*Generations not included above account for 2% difference. \$4.6T represents retail investors with demographics assigned.

** Reflects Broadridge's tracking of the model portfolios marketplace down to the fund level.

^ Reflects Financial Advisor Industry tenure

Sample pages from *Radar U.S.*, our quarterly insights publication focused on retail distribution.

Executive Summary

CHANNELS OVERALL

Intermediary sold assets were dominated by mutual funds during 1Q 2021, but ETFs steadily gained ground as advisors increased their usage of models, which rely more heavily on ETFs. Surging equity markets drove investor optimism, leading equity net flows to surpass bonds. Equities overall attracted \$304 billion in net flows in 1Q 2021, with U.S. equities accounting for \$142 billion in flows with a concentration in large cap and financial.

BROKER DEALER

The Broker Dealer channel added \$254 billion in assets in 1Q 2021 and more than \$1.5 trillion over the one-year period, far outpacing all other channels on an absolute dollar basis. U.S. equity fueled the asset growth, adding \$160 billion in 1Q 2021 and \$504 billion since last year.

ONLINE

Online asset growth was primarily driven by Equities, with U.S. equities leading all other asset classes in 1Q 2021. U.S. equities, namely Large Blend, dominated inflows among self-directed investors, with Vanguard's passive products leading the pack.

RIA

The RIA channel gathered \$164 billion in assets in 1Q 2021, with the lion's share coming from U.S. equity, which added \$109 billion, or 8.4% growth, thanks to the seemingly unstoppable surging equity markets. ETFs continued to drive net flows in 1Q 2021, but active mutual funds saw a marked improvement in the quarter, having turned positive and registering their best organic growth since 3Q 2017.

WIREHOUSE

Wirehouse assets and growth continued to be led by U.S. equities, which saw continued outperformance compared to all other asset classes during the quarter. Within International Equities, Emerging Markets have served as a diversifier away from the home bias of U.S. equities, leading to strong quarterly asset growth at the Wirehouses.

SUBADVISED

Third party subadvised assets grew from \$2.25 trillion to \$2.86 trillion in the 12 months ended March 31, 2021. Private Bank mixed assets shrank 8% (organically) after bleeding a few hundred million dollars in Target Allocation funds, predominantly from Vanguard's Wellington Fund.

MODEL PORTFOLIOS

Models align the interests of all parties: advisor, investor, asset manager and distributor. Model portfolio adoption drove assets to \$4.8 trillion at the end of 1Q 2021, their highest level yet. Broadridge identified \$1.5 trillion in assets in 1Q 2021, with Third-Party as the fastest growing market segment. Model flows were steady against a volatile backdrop and hit their highest level ever in 1Q 2021.

ESG

One-year flows into ESG funds more than doubled through March 2021, totaling \$64 billion as assets approached \$100 billion. Thematic approaches were prominent among the cash flow leaders. Clean energy via passive ETFs was the focus of five funds among the Top 20. Other thematic successes included an autonomous and electric vehicle ETF and an active environment product.

FINANCIAL ADVISOR

The first quarter of 2021 had notably more advisor movement than in the same quarter of the previous year. With 2020 in the rearview mirror, advisors were expressing optimism about 2021 and beyond. The trend toward continued ETF growth persisted as most advisors expected to increase their ETF allocations in the next two years.

INVESTOR

Asset managers are delving into understanding the needs of the end-investor. Millennials' share of investors (14%) and assets (4%) is small but climbing steadily. Millennials saw a sharp increase in equities share (31%) after three years of decline, with men (+10%) showing a bigger shift than women (+5%).

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1Q 2021

STRATEGY OVERVIEW – ASSETS

ETF and ESG assets have registered double-digit growth in 1Q 2021 while mutual funds grew in the single digits.

Channel Assets	VEHICLE (\$B)			STRATEGY (\$B)		
	Active	Passive	Total	Active	Passive	Total
Retail						
Broker Dealer	3,436	277	3,712	38	1,088	1,125
Online	867	615	1,481	33	896	929
RIA	1,373	214	1,587	50	1,180	1,230
Wirehouse	1,543	73	1,616	37	919	957
Bank						
Bank	773	307	1,080	18	657	675
Private Bank	559	978	1,537	9	565	574
Trust Co.	279	124	402	6	242	248
Channel Assets Growth						
Retail						
Broker Dealer	4.7%	4.7%	4.7%	18.2%	8.3%	8.6%
Online	5.3%	7.7%	6.3%	36.3%	11.3%	12.1%
RIA	4.6%	5.8%	4.8%	17.4%	7.8%	8.1%
Wirehouse	4.7%	5.2%	4.7%	14.4%	9.7%	9.9%
Bank						
Bank	3.1%	4.4%	3.5%	21.9%	6.5%	6.9%
Private Bank	3.2%	4.0%	3.7%	73.8%	5.6%	6.3%
Trust Co.	6.4%	9.5%	7.4%	5.8%	-1.1%	-0.9%

Source: Broadridge GAM Funds Americas, Broadridge Market Analytics - Model Portfolios

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CHANNELS

SPOTLIGHT: ACTIVE ETF

Until very recently, the majority of flows into Active ETFs have been of the ultra-short bond variety offered by a handful of providers including PIMAX, PIMCO, BlackRock and First Trust. That changed in late 2020, and certainly during the first quarter, due to the explosion of interest in Ark's Innovation ETF, as well as its Next Generation Internet ETF, Genomic Revolution and its FinTech ETF. These investments provided easy access to cryptocurrency, and investors flocked to take advantage of this opportunity.

International equity and taxable fixed income are the two dominant asset classes for active ETFs so far, with U.S. equities not yet a major source of these vehicles. Perhaps because asset managers are not eager to disintermediate their own cash cow—active mutual funds—or, maybe because all technology and innovation funds are classified as global assets, the active ETF space has grown fastest in these categories. The industry sees more entrants all the time, including most of the large asset managers. Major firms, including Capital Group, GS&A, Putnam and Invesco, have all licensed Fidelity Investments' portfolio-shielding technology for active ETFs.